

COMMERCE/INFORMATION TECHNOLOGY

- <Subsidized Banking Services
- <Cyber-Security Funding
- <Internet Subsidies

SUBSIDIZED BANKING SERVICES

Background

In fiscal year 2001, the President requests \$30 million to “encourage” banking services in low-income areas. The administration proposes to do this by having the Treasury Department work with financial institutions to create low-cost bank accounts. It would also encourage financial institutions to expand access to automatic teller machines in safe, secure and convenient locations, including U.S. Post Offices, in low-income neighborhoods. Financial education would also be provided. It is unclear what form this “encouragement” would take.

Key Points

- < Check cashing services in low income neighborhoods are often the most expensive way of cashing checks or paying for other forms of financial transactions.
- < Questions remain as to whether banks and other financial services groups would be forced to locate branches in distressed neighborhoods under penalty of law.
- < Also, questions remain as to whether banks would become defacto public service organizations by being required to offer services for free or discounted prices.

CYBER-SECURITY

Background

The administration is proposing nearly a \$300 million increase for its multiagency Critical Infrastructure Plan. This centrally controlled, cross-cutting Federal effort in the name of preventing so-called “cyber-terrorism” and safeguarding computer networks and information systems is budgeted at \$2.03 billion, a 16-percent increase from this year’s \$1.737 billion. About 80 percent of the budget is national security-related and funded as defense spending. The rest is supported in amounts of less than \$100 million in the Department of Treasury, Transportation, Justice, Commerce, and Health and Human Services; the National Space and Aeronautics Administration; and the National Science Foundation. The program is coordinated by the Critical Infrastructure Assurance Office.

Key Points

- < In January, the first version of the National Plan for Information Systems Protection was released and intended to implement Policy Directive 63, signed by the President in 1998. The Critical Infrastructure Plan proposes the Federal role in that national plan.
- < The government program mission is to assure the security of interconnected infrastructure such as telecommunications, banking and finance, energy, transportation, as well as government services, mostly private-sector interests.
- < The plan proposes a new \$48-million Institute for Information Infrastructure Protection in the Commerce Department's National Institute of Standards and Technology.

INTERNET SUBSIDIES

Background

The President proposes \$258 million of increased spending to a total of \$380 million in fiscal year 2001 to provide financial assistance to certain communities to improve their Internet access. The overall "digital divide" initiative consists of \$2 billion of tax incentives over 10 years to encourage private sector donation of computers, sponsorship of community technology centers, and technology training for workers (see three separate papers in tax section) and the following six grant program initiatives:

- < A \$75-million increase to \$150 million for teacher technology training in the Department of Education.
- < A \$67.5-million increase to \$100 million to support 1,000 Community Technology Centers by the Department of Education.
- < \$50 million for a new program by the Commerce Department's National Telecommunications and Information Administration [NTIA] to fund private sector actions to expand home access to computers and the Internet.
- < A \$30 million increase to \$45 million for NTIA information infrastructure grants (Technology Opportunities Program).
- < A \$25 million increase in the Commerce Department's Economic Development Administration and USDA's Rural Utilities Service to accelerate private sector deployment of broadband (high-speed Internet) transmission capacity, technology and electronic commerce.
- < \$10 in NSF to support tribal colleges' information technology and other technical training programs.

Key Points

- < It is not clear what “market failure” this new government intervention is meant to correct. Computer and Internet access are becoming increasingly and rapidly available as the costs and prices keep declining and technology keeps advancing and maturing.
- < Schools are already providing significant access for children.